

State of California

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Legislative Change No. 10-22

Bill Number: SB 392 Author: Florez Chapter Number: **10-698**

Laws Affecting Franchise Tax Board: Section 7025 of the Business and Professions Code and Section 17002 of the Corporation Code

Date Filed with the Secretary of State: September 30, 2010

SUBJECT: Limited Liability Companies (LLCs)/Contractors

Senate Bill 392 (Florez), as enacted on September 30, 2010, made the following changes to laws impacting the Franchise Tax Board:

Section 7025 of the Business and Professions Code is amended:

This act authorizes the Contractor State License Board to issue a contractor's license to an LLC under the Business and Professions Code.

Section 17002 of the Corporations Code is amended:

This act will allow an LLC to render services that may be lawfully rendered only pursuant to a license, certificate, or registration authorized by the Business and Professions Code if the applicable provisions of the Business and Professions Code authorize a limited liability company to hold that license, certificate, or registration.

As a result, contractors that form and operate as an LLC will be required to pay an \$800 annual tax to the Franchise Tax Board and a fee measured by total income attributable to California.

This act is effective on January 1, 2011, and will specifically require the Contractors' State License Board (CSLB) to begin processing applications for licensure for LLCs no later than January 1, 2012.

This act will not require any reports by the department to the Legislature.

Assistant Bureau Director

Date

Patrice Gau-Johnson

10/20/10